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OCC Issues Interim Policy Guidelines on National Banks'
Disclosure of Fair Lending Self Assessment Results

WASHINGTON, DC -- The Office of the Comptroller of the Currency (OCC) has issued interim policy guidelines on banks' disclosure of the results of fair lending self-assessments.

The interim guidelines identify and define two types of self-assessments, "self-tests" and "self-evaluations," and clarify that the OCC will not routinely require national banks to report either type of self assessment activity to the agency. The OCC guidelines also assure national banks that the agency will generally not take enforcement action against a national bank that discovers a fair lending violation through self-assessment, when the bank takes appropriate, timely and complete corrective action in response.

"We're trying to marshal the resources of the private sector by giving national banks greater incentives to assess themselves," said OCC Senior Deputy Comptroller for Economic Analysis and Public Affairs, Konrad S. Alt. "We think the result of this shift will be not only reduced burden on the industry, but also greater attention to and compliance with the fair lending laws."

The OCC describes a "self-test" as an assessment where a bank uses "testers" or "mystery shoppers" to pose as loan applicants. A self-test generates information that would not otherwise be available to the bank or to the OCC in the normal course of business. The OCC examiners will not require or request any information about a bank's self-testing program, unless the OCC has independently determined that the bank has unlawfully discriminated and the bank uses the results of the self-tests to defend itself against the charges.

In a "self-evaluation," the bank reviews actual loan files or related information, internal policies and procedures, training materials or audit reports and makes assessments based on information about actual loan applicants. Self-evaluation results could be replicated by OCC examiners in the course of an examination. The OCC will not require or request a bank to disclose its results in the absence of an independent OCC finding that discrimination has occurred and use by the lender of the results to defend itself. OCC examiners may, however, request information on the policies and practices a bank uses to ensure that it does not discriminate on a prohibited basis.

National banks may voluntarily disclose the results of fair lending self-evaluations to the OCC. In such cases, OCC examiners would review the bank's policies and procedures to ensure compliance with fair lending laws, evaluate the results of the bank's fair lending self-evaluations and conduct a limited file analysis to validate the bank's findings.

Although the OCC will not take enforcement action in cases where

a lender has previously taken appropriate and complete corrective measures, the agency will make referrals to the Department of Justice or notify the Department of Housing and Urban Development as required by statute or executive order. In the referral documents, the OCC will note any corrective action taken by the lender.

The interim guidelines are published in OCC Bulletin 95-51, which will be mailed to all national banks, OCC examiners and other interested parties. To request a faxed copy of the Bulletin, call the OCC Information Line at (202) 479-0141 and follow the instructions to request document number 29551. For a copy by mail, send a written request to OCC Communications, 250 E Street S.W., Mail Stop 3-3, Washington, DC 20219.

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